

AMENDED IN SENATE AUGUST 19, 2016
AMENDED IN SENATE AUGUST 2, 2016
AMENDED IN SENATE JUNE 22, 2016
AMENDED IN SENATE JUNE 6, 2016
AMENDED IN ASSEMBLY MAY 10, 2016
AMENDED IN ASSEMBLY APRIL 28, 2016
AMENDED IN ASSEMBLY APRIL 11, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2693

Introduced by Assembly Member Dababneh
(Coauthors: Assembly Members Travis Allen, Hadley, and Linder)

February 19, 2016

An act to amend Section 53328.1 of the Government Code, and to amend Section 5898.15 of, to amend, renumber, and add Section 5898.16 of, and to add Section 5898.17 to, the Streets and Highways Code, relating to property improvements.

LEGISLATIVE COUNSEL'S DIGEST

AB 2693, as amended, Dababneh. Financing requirements: property improvements.

(1) Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary

contractual assessments to finance certain improvements, including the installation of distributed generation renewable ~~energy sources or sources~~, energy or water efficiency ~~improvements improvements~~, seismic strengthening improvements, or electric vehicle charging infrastructure that are permanently fixed to real property, as specified.

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions unless the property owner satisfies certain conditions and the property owner is given the right to cancel the contractual assessment at any time prior to midnight on the 3rd business day after certain events occur without penalty or obligation, consistent with certain requirements. The bill would require a financing estimate document or a substantially equivalent document to be completed and delivered to a property owner at least 3 business days before the property owner consummates a voluntary contractual assessment pursuant to one of these programs. The bill would prohibit a public agency or other party to a voluntary contractual assessment pursuant to one of these programs to make any *monetary or percentage representations of increased value* to a property owner regarding the effect the financed improvements will have on the market value of the property unless the public agency or other party derives its estimates of market value using specified methods.

This bill would limit these provisions to a property owner who seeks to participate in a program established to finance the installation of distributed generation renewable ~~energy sources or sources~~, energy or water efficiency ~~improvements improvements~~, seismic strengthening improvements, or electric vehicle charging infrastructure that are permanently fixed to real property pursuant to these provisions for a residential property with 4 or fewer units.

(2) The Mello-Roos Community Facilities Act of 1982 specifies the requirements for the establishment of a community facilities district, including, among other things, a petition, a hearing, the establishment of the boundaries of the community facilities district, and an election on the question. Existing law authorizes a community facilities district formed pursuant to an alternative procedure under which the district

initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements.

This bill would require a legislative body to comply with the requirements described above prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to the alternative procedure. The bill would prohibit a parcel or parcels from being annexed to a community facilities district formed pursuant to the alternative procedure *if the parcel owner is seeking financing for improvement on a residential property with 4 or fewer units*, unless the parcel satisfies specified conditions.

This bill would incorporate additional changes to Section 53328.1 of the Government Code proposed by AB 2618 to be operative only if AB 2618 and this bill are chaptered and become effective on or before January 1, 2017, and this bill is chaptered last.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) The Property Assessed Clean Energy program has been
- 4 promoted in California widely as an innovative and alternative
- 5 form of financing for environmental improvements for the benefit
- 6 of the public and California's environment.
- 7 (2) The promotion of the Property Assessed Clean Energy
- 8 financing is now a popular and widespread form of alternative
- 9 financing for consumers seeking solar energy, water conservation,
- 10 energy efficiency, and earthquake retrofitting improvements to the
- 11 benefit of all Californians.
- 12 (3) The consumer obligation to repay voluntary contractual
- 13 assessments created by the Property Assessed Clean Energy
- 14 program is sometimes misunderstood and may affect the
- 15 consumer's ability to refinance their loan or sell their property.
- 16 (4) Making residential real estate secured loans to consumers
- 17 through Property Assessed Clean Energy financing for home

1 improvements has grown rapidly, raising questions as to whether
2 the Property Assessed Clean Energy program is adequately
3 supported by government regulation.

4 (5) The passage of this act is essential to promote standardized
5 disclosures and protections for consumers to ensure that the
6 Property Assessed Clean Energy program can continue to be widely
7 used to offset the adverse impacts of years of climate change.

8 (b) This act shall be known, and may be cited, as the PACE
9 Preservation and Consumer Protections Act.

10 SEC. 2. Section 53328.1 of the Government Code is amended
11 to read:

12 53328.1. (a) As an alternate and independent procedure for
13 forming a community facilities district, the legislative body may
14 form a community facilities district that initially consists solely
15 of territory proposed for annexation to the community facilities
16 district in the future, with the condition that a parcel or parcels
17 within that territory may be annexed to the community facilities
18 district and subjected to the special tax only with the unanimous
19 approval of the owner or owners of the parcel or parcels at the
20 time that the parcel or parcels are annexed. In that case, the
21 legislative body shall follow the procedures set forth in this article
22 for the formation of a community facilities district, with the
23 following exceptions:

24 (1) The legislative body shall not be obligated to specify the
25 rate or rates of special tax in the resolution of intention or the
26 resolution of formation, provided that both of the following are
27 met:

28 (A) The resolution of intention and the resolution of formation
29 include a statement that the rate shall be established in an amount
30 required to finance or refinance the authorized improvements and
31 to pay the district's administrative expenses.

32 (B) The maximum rate of special tax applicable to a parcel or
33 parcels shall be specified in the unanimous approval described in
34 this section relating to the parcel or parcels.

35 (2) The legislative body shall not be obligated to specify in the
36 resolution of intention the conditions under which the obligation
37 to pay the specified special tax may be prepaid and permanently
38 satisfied. Instead, a prepayment provision may be included in the
39 unanimous approval of the owner or owners of each parcel or

1 parcels at the time that the parcel or parcels are annexed to the
2 community facilities district.

3 (3) In lieu of approval pursuant to an election held in accordance
4 with the procedures set forth in Sections 53326, 53327, 53327.5,
5 and 53328, the appropriations limit for the community facilities
6 district, the applicable rate of the special tax and the method of
7 apportionment and manner of collection of that tax, and the
8 authorization to incur bonded indebtedness for the community
9 facilities district shall be specified and be approved by the
10 unanimous approval of the owner or owners of each parcel or
11 parcels at the time that the parcel or parcels are annexed to the
12 community facilities district. No additional hearings or procedures
13 are required, and the unanimous approval shall be deemed to
14 constitute a unanimous vote in favor of the appropriations limit
15 for the community facilities district, the authorization to levy the
16 special tax on the parcel or parcels, and the authorization to incur
17 bonded indebtedness for the community facilities district.

18 (4) Notwithstanding Section 53324, this paragraph establishes
19 the applicable protest provisions in the event a local agency forms
20 a community facilities district pursuant to the procedures set forth
21 in this section. If 50 percent or more of the registered voters, or
22 six registered voters, whichever is more, residing within the
23 territory proposed to be annexed to the community facilities district
24 in the future, or if the owners of one-half or more of the area of
25 land proposed to be annexed in the future and not exempt from
26 the special tax, file written protests against establishment of the
27 community facilities district, and protests are not withdrawn so as
28 to reduce the protests to less than a majority, no further proceedings
29 to form the community facilities district shall be undertaken for a
30 period of one year from the date of decision of the legislative body
31 on the issues discussed at the hearing. If the majority protests of
32 the registered voters or of the landowners are only against the
33 furnishing of a specified type or types of facilities or services
34 within the district, or against levying a specified special tax, those
35 types of facilities or services or the specified special tax shall be
36 eliminated from the resolution of formation.

37 (5) The legislative body shall not record a notice of special tax
38 lien against any parcel or parcels in the community facilities district
39 until the owner or owners of the parcel or parcels have given their
40 unanimous approval of the parcel's or parcels' annexation to the

1 community facilities district, at which time the notice of special
2 tax lien shall be recorded against the parcel or parcels as set forth
3 in Section 53328.3.

4 (b) Notwithstanding the provisions of Section 53340, after
5 adoption of the resolution of formation for a community facilities
6 district described in subdivision (a), the legislative body may, by
7 ordinance, provide for the levy of the special taxes on parcels that
8 will annex to the community facilities district at the rate or rates
9 to be approved unanimously by the owner or owners of each parcel
10 or parcels to be annexed to the community facilities district and
11 for apportionment and collection of the special taxes in the manner
12 specified in the resolution of formation. No further ordinance shall
13 be required even though no parcels may then have annexed to the
14 community facilities district.

15 (c) The local agency may bring an action to determine the
16 validity of any special taxes levied pursuant to this chapter and
17 authorized pursuant to the procedures set forth in this section
18 pursuant to Chapter 9 (commencing with Section 860) of Title 10
19 of Part 2 of the Code of Civil Procedure. Notwithstanding Section
20 53359, if an action is brought by an interested person pursuant to
21 Section 863 of the Code of Civil Procedure to determine the
22 validity of any special taxes levied against a parcel pursuant to
23 this chapter and authorized pursuant to the procedures set forth in
24 this section, the action shall be brought pursuant to Chapter 9
25 (commencing with Section 860) of Title 10 of Part 2 of the Code
26 of Civil Procedure, but shall, notwithstanding the time limits
27 specified in Section 860 of the Code of Civil Procedure, be
28 commenced within 15 days after the date on which the notice of
29 special tax lien is recorded against the parcel. Any appeal from a
30 judgment in any action or proceeding described in this subdivision
31 shall be commenced within 30 days after entry of judgment.

32 (d) A community facilities district formed pursuant to this
33 section may only finance facilities pursuant to subdivision (l) of
34 Section 53313.5.

35 (e) (1) The legislative body shall comply with the requirements
36 specified in Sections 5898.16 and 5898.17 of the Streets and
37 Highways Code prior to the annexation of a parcel or parcels to a
38 community facilities district formed pursuant to this section.

39 (2) A parcel or parcels shall not be annexed to a community
40 facilities district formed pursuant to this section *if the parcel owner*

1 *or owners are seeking financing for improvement on a residential*
2 *property with four or fewer units, unless the parcel complies with*
3 *the conditions specified in paragraphs (1) to (5), inclusive, and*
4 *paragraph (8), and, in addition, for properties with energy*
5 *efficiency improvements specified under subdivision (l) of Section*
6 *53313.5, paragraph (7), of subdivision (a) of Section 26063 of the*
7 *Public Resources Code and in subdivision (b) of Section 10081*
8 *of Title 4 of the California Code of Regulations. Code.*

9 (f) In connection with formation of a community facilities
10 district and annexation of a parcel or parcels to the community
11 facilities district pursuant to this section, and the conduct of an
12 election on the proposition to authorize bonded indebtedness
13 pursuant to the alternate procedures set forth in Section 53355.5,
14 the local agency may, without additional hearings or procedures,
15 designate a parcel or parcels as an improvement area within the
16 community facilities district. After the designation of a parcel or
17 parcels as an improvement area, all proceedings for approval of
18 the appropriations limit, the rate and method of apportionment and
19 manner of collection of special tax and the authorization to incur
20 bonded indebtedness for the parcel or parcels shall apply only to
21 the improvement area.

22 (g) In connection with a community facilities district formed
23 under this section, as an alternate and independent procedure for
24 making the changes described in Section 53330.7, the changes
25 may be made with the unanimous approval of the owner or owners
26 of the parcel or parcels that will be affected by the change and
27 with the written consent of the local agency. No additional hearings
28 or procedures are required, and the unanimous approval shall be
29 deemed to constitute a unanimous vote in favor of the proposed
30 changes. If the proceeds of a special tax are being used to retire
31 any debt incurred pursuant to this chapter and the unanimous
32 approval relates to the reduction of the special tax rate, the
33 unanimous approval shall recite that the reduction or termination
34 of the special tax will not interfere with the timely retirement of
35 that debt.

36 *SEC. 2.5. Section 53328.1 of the Government Code is amended*
37 *to read:*

38 53328.1. (a) As an alternate and independent procedure for
39 forming a community facilities district, the legislative body may
40 form a community facilities district that initially consists solely

1 of territory proposed for annexation to the community facilities
2 district in the future, with the condition that a parcel or parcels
3 within that territory may be annexed to the community facilities
4 district and subjected to the special tax only with the unanimous
5 approval of the owner or owners of the parcel or parcels at the
6 time that the parcel or parcels are annexed. In that case, the
7 legislative body shall follow the procedures set forth in this article
8 for the formation of a community facilities district, with the
9 following exceptions:

10 (1) The legislative body shall not be obligated to specify the
11 rate or rates of special tax in the resolution of intention or the
12 resolution of formation, provided that both of the following are
13 met:

14 (A) The resolution of intention and the resolution of formation
15 include a statement that the rate shall be established in an amount
16 required to finance or refinance the authorized improvements and
17 to pay the district's administrative expenses.

18 (B) The maximum rate of special tax applicable to a parcel or
19 parcels shall be specified in the unanimous approval described in
20 this section relating to the parcel or parcels.

21 (2) The legislative body shall not be obligated to specify in the
22 resolution of intention the conditions under which the obligation
23 to pay the specified special tax may be prepaid and permanently
24 satisfied. Instead, a prepayment provision may be included in the
25 unanimous approval of the owner or owners of each parcel or
26 parcels at the time that the parcel or parcels are annexed to the
27 community facilities district.

28 (3) In lieu of approval pursuant to an election held in accordance
29 with the procedures set forth in Sections 53326, 53327, 53327.5,
30 and 53328, the appropriations limit for the community facilities
31 district, the applicable rate of the special tax and the method of
32 apportionment and manner of collection of that tax, and the
33 authorization to incur bonded indebtedness for the community
34 facilities district shall be specified and be approved by the
35 unanimous approval of the owner or owners of each parcel or
36 parcels at the time that the parcel or parcels are annexed to the
37 community facilities district. No additional hearings or procedures
38 are required, and the unanimous approval shall be deemed to
39 constitute a unanimous vote in favor of the appropriations limit
40 for the community facilities district, the authorization to levy the

1 special tax on the parcel or parcels, and the authorization to incur
2 bonded indebtedness for the community facilities district.

3 (4) Notwithstanding Section 53324, this paragraph establishes
4 the applicable protest provisions in the event a local agency forms
5 a community facilities district pursuant to the procedures set forth
6 in this section. If 50 percent or more of the registered voters, or
7 six registered voters, whichever is more, residing within the
8 territory proposed to be annexed to the community facilities district
9 in the future, or if the owners of one-half or more of the area of
10 land proposed to be annexed in the future and not exempt from
11 the special tax, file written protests against establishment of the
12 community facilities district, and protests are not withdrawn so as
13 to reduce the protests to less than a majority, no further proceedings
14 to form the community facilities district shall be undertaken for a
15 period of one year from the date of decision of the legislative body
16 on the issues discussed at the hearing. If the majority protests of
17 the registered voters or of the landowners are only against the
18 furnishing of a specified type or types of facilities or services
19 within the district, or against levying a specified special tax, those
20 types of facilities or services or the specified special tax shall be
21 eliminated from the resolution of formation.

22 (5) The legislative body shall not record a notice of special tax
23 lien against any parcel or parcels in the community facilities district
24 until the owner or owners of the parcel or parcels have given their
25 unanimous approval of the parcel's or parcels' annexation to the
26 community facilities district, at which time the notice of special
27 tax lien shall be recorded against the parcel or parcels as set forth
28 in Section 53328.3.

29 (b) Notwithstanding the provisions of Section 53340, after
30 adoption of the resolution of formation for a community facilities
31 district described in subdivision (a), the legislative body may, by
32 ordinance, provide for the levy of the special taxes on parcels that
33 will annex to the community facilities district at the rate or rates
34 to be approved unanimously by the owner or owners of each parcel
35 or parcels to be annexed to the community facilities district and
36 for apportionment and collection of the special taxes in the manner
37 specified in the resolution of formation. No further ordinance shall
38 be required even though no parcels may then have annexed to the
39 community facilities district.

(c) The local agency may bring an action to determine the validity of any special taxes levied pursuant to this chapter and authorized pursuant to the procedures set forth in this section pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. Notwithstanding Section 53359, if an action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure to determine the validity of any special taxes levied against a parcel pursuant to this chapter and authorized pursuant to the procedures set forth in this section, the action shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 15 days after the date on which the notice of special tax lien is recorded against the parcel. Any appeal from a judgment in any action or proceeding described in this subdivision shall be commenced within 30 days after entry of judgment.

(d) A community facilities district formed pursuant to this section may only finance facilities pursuant to subdivision (i) or (l) of Section 53313.5.

(e) (1) The legislative body shall comply with the requirements specified in Sections 5898.16 and 5898.17 of the Streets and Highways Code prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to this section.

(2) A parcel or parcels shall not be annexed to a community facilities district formed pursuant to this section if the parcel owner or owners are seeking financing for improvement on a residential property with four or fewer units, unless the parcel complies with the conditions specified in paragraphs (1) to (5), inclusive, and paragraph (8), and, in addition, for properties with energy efficiency improvements specified under subdivision (l) of Section 53313.5, paragraph (7), of subdivision (a) of Section 26063 of the Public Resources Code.

~~(e)~~

(f) In connection with formation of a community facilities district and annexation of a parcel or parcels to the community facilities district pursuant to this section, and the conduct of an election on the proposition to authorize bonded indebtedness pursuant to the alternate procedures set forth in Section 53355.5, the local agency may, without additional hearings or procedures,

1 designate a parcel or parcels as an improvement area within the
2 community facilities district. After the designation of a parcel or
3 parcels as an improvement area, all proceedings for approval of
4 the appropriations limit, the rate and method of apportionment and
5 manner of collection of special tax and the authorization to incur
6 bonded indebtedness for the parcel or parcels shall apply only to
7 the improvement area.

8 ~~(f)~~

9 (g) In connection with a community facilities district formed
10 under this section, as an alternate and independent procedure for
11 making the changes described in Section 53330.7, the changes
12 may be made with the unanimous approval of the owner or owners
13 of the parcel or parcels that will be affected by the change and
14 with the written consent of the local agency. No additional hearings
15 or procedures are required, and the unanimous approval shall be
16 deemed to constitute a unanimous vote in favor of the proposed
17 changes. If the proceeds of a special tax are being used to retire
18 any debt incurred pursuant to this chapter and the unanimous
19 approval relates to the reduction of the special tax rate, the
20 unanimous approval shall recite that the reduction or termination
21 of the special tax will not interfere with the timely retirement of
22 that debt.

23 SEC. 3. Section 5898.15 of the Streets and Highways Code is
24 amended to read:

25 5898.15. (a) A public agency shall not permit a property owner
26 to participate in any program established pursuant to this chapter
27 if the owner's participation would result in the total amount of any
28 annual property taxes and assessments exceeding 5 percent of the
29 property's market value, as determined at the time of approval of
30 the owner's contractual assessment.

31 (b) Nothing in this chapter shall be construed to void or
32 otherwise release a property owner from the contractual obligations
33 incurred by a contractual assessment on a property, particularly in
34 the event that the total amount of annual property taxes and
35 assessments exceeds 5 percent of a property's market value after
36 the property owner has entered into a contractual assessment
37 pursuant to this chapter.

38 (c) This section applies to a property owner who seeks to
39 participate in a program established pursuant to this chapter for

1 types of property not subject to the requirements of Sections
2 5898.16 and 5898.17.

3 SEC. 4. Section 5898.16 of the Streets and Highways Code is
4 amended and renumbered to read:

5 5898.18. All references to financing in this chapter shall be
6 deemed to also refer to refinancing, except that with respect to
7 refinancing, the legislative body shall conclude that providing the
8 refinancing will result in an increased adoption of the
9 improvements authorized to be financed by this chapter. This
10 section does not constitute a change in, but is declaratory and a
11 clarification of existing law.

12 SEC. 5. Section 5898.16 is added to the Streets and Highways
13 Code, to read:

14 5898.16. (a) A public agency shall not permit a property owner
15 to participate in any program established pursuant to this chapter
16 for the purposes specified in paragraph (2) of subdivision (a) of
17 Section 5898.20 *or Section 5899 or 5899.3* if any of the following
18 apply:

19 (1) The property owner's participation would result in the total
20 amount of the annual property taxes and assessments exceeding 5
21 percent of the property's market value, as determined at the time
22 of approval of the property owner's contractual assessment.

23 (2) The property does not comply with the conditions specified
24 in *paragraphs (1) to (5), inclusive, and paragraph (8), and, in*
25 *addition, for properties with energy efficiency improvements*
26 *specified under Section 5898.20, paragraph (7), of subdivision (a)*
27 *of Section 26063 of the Public Resources Code and in subdivision*
28 *(b) of Section 10081 of Title 4 of the California Code of*
29 *Regulations. Code.*

30 (b) A public agency shall not permit the property owner to
31 participate in any program established pursuant to this chapter for
32 the purposes specified in paragraph (2) of subdivision (a) of Section
33 5898.20 *or Section 5899 or 5899.3* unless the property owner is
34 given the right to cancel the contractual assessment without penalty
35 or obligation, consistent with the following:

36 (1) The property owner shall receive ~~two copies of~~ the right to
37 cancel document set forth below or a substantially similar
38 document that displays the same information in a substantially
39 similar format. *The document shall be provided to the property*

owner as a printed copy unless the property owner agrees to an electronic copy.

Right to Cancel

Property Owner: _____
[Owner Full Name], [Phone], [Email]

Property Address: _____
[Property Address]

Your Right to Cancel:

You are entering into a contractual assessment with _____ for financing
[Provider]
that will result in a lien on the property at _____. You may cancel
[Property Address]

this transaction, without cost, ~~until~~ on or before midnight on the third business day after whichever of the following events occurs last:

- (1) The date on which you signed the contractual assessment.
- (2) The date you received your Financing Estimate and Disclosure.
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, _____, within 20 calendar days after
[Provider]

_____ receives notice of cancellation, must take the steps necessary to
[Provider]
reflect the fact that, if recorded, the lien on your property has been discharged and removed from the tax rolls, and _____ must return to you any money
[Provider]

you have given in connection with your application, not including the application processing fee. After _____ has done the ~~things~~ things
[Provider]

mentioned above, you must return any money paid to you or on your behalf, whether to your contractor or any other person. All money must be returned to the address below.

If you cancel the transaction:

- You will not be charged a cancellation fee; and
- You will be refunded any money you have given, excluding application and processing fees as applicable.

To cancel this transaction, you may submit this form to _____ in writing
[Provider]

at:

Provider: _____

Attn: Right to Cancel Notification

Email: _____

Fax number: _____

Address: _____

Deadline to Cancel:

If you want to cancel this transaction, you must submit this form on or before
~~Insert date~~; midnight on the third business day after whichever of the following
events occurs last:

(1) The date on which you signed the contractual assessment.

(2) The date you received your Financing Estimate and Disclosure.

(3) The date you received this notice of your right to cancel.

You may use any written statement that is signed and dated by you and states
your intention to cancel, or you may use this notice by dating and signing
below. If you cancel by mail, fax, or email, you must send the notice no later
than midnight of the third business day following the date on which you signed
the contractual assessment. If you send or deliver your written notice to cancel
some other way, it must be delivered to the above address no later than the
date indicated above.

(1) The date on which you signed the contractual assessment.

(2) The date you received your Financing Estimate and Disclosure.

(3) The date you received this notice of your right to cancel.

I WISH TO CANCEL

Property Owner

Date

(2) The property owner is deemed to have given notice of
cancellation at the moment that the property owner sends the notice
by mail, email, or fax or at the moment that the property owner
otherwise delivers the notice, as applicable.

(c) This section only applies to a property owner who seeks to
participate in a program established pursuant to this chapter for

the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3* for a residential property with four or fewer units.

(d) For the purposes of this section, “property owner” shall include all owners of record.

SEC. 6. Section 5898.17 is added to the Streets and Highways Code, to read:

5898.17. (a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner ~~at least three business days~~ before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3*, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy, ~~if requested by the property owner.~~ *copy unless the property owner agrees to an electronic copy.* A sample of the disclosure set forth below shall be maintained on a public Internet Web site available to property owners.

(b) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3* for a residential property with four or fewer units.

Financing Estimate and Disclosure

Notice to Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.

Customer Service Toll-Free telephone number and email:

In the event you have a consumer complaint, questions about your financing obligations related to the contractual assessment or your contractual rights under the terms of this contract, you can contact either this toll-free telephone number or email address provided below and receive a response within 24 hours or one business day.

1 Toll-Free telephone number: _____
2 Customer service email address: _____
3

4 **Products and Costs**

5 Product costs (including
6 labor/installation) \$ _____

7 **Description**

8 1.

9 2.

10 3.

11

12 **Financing Costs**

13 Application fees and costs \$ _____

14 Prepaid Interest \$ _____

15 Other Costs \$ _____

16 Total Amount Financed \$ _____

17

18 **Annual Percentage Rate (APR)** _____%

19 Simple Interest Rate _____%

20 Total Annual Principal, Interest, and \$ _____

21 Administrative Fees

22

23 Note: If your property taxes are paid through an impound account, your
24 *mortgage* lender may apportion the amount and add it to your monthly payment.

25 See “~~Other important considerations;~~” *Important Considerations*” below

26 **Total Amount you will**

27 **have paid over the life of**

28 **the financing** \$ _____

29

30 **Other Costs**

31 Appraisal Fees \$ _____

32 Bond related costs \$ _____

33 Annual Administrative fees \$ _____

34 Estimated closing costs \$ _____

35 Credit Reporting Fees \$ _____

36 Recording Fees \$ _____

37

38 **Total Financing Costs**

39 **and Closing Costs** \$ _____

Estimated Cash (out of
pocket) to close \$_____

Other Terms

Prepayment fee ☐ No ☐ Yes _____

~~Assumable by new owner~~ ☐ ~~No~~ ☐ ~~Yes~~ _____

Additional Information About These Financing

Comparisons [Use this information to compare to other financing options]

Over the term of the \$_____ Principal you will have paid off.
financing \$_____ Amount of interest you have paid.
\$_____ Amount of financing and other costs
you will have paid.
\$_____ Total you will have paid.

Annual Percentage Rate _____%

Total Interest Paid (as a percentage of all the _____%
payments you have made)

Other Important Considerations

Assumption by New Buyer ☐ ~~Yes - Allowed on original~~
terms
☐ ~~No - Not Allowed on~~
original terms

I understand that ~~my mortgage company may require me to pay off the full~~
~~remaining balance of this obligation before I can refinance my home. I may~~
~~be required to pay off the remaining balance of this obligation by the mortgage~~
~~lender refinancing my home. If I sell my home, the buyer or their mortgage~~
~~company lender may require me to pay off the full remaining balance of this~~
~~obligation before the home may be sold. You should consider consulting with~~
~~your mortgage company or an attorney as a condition of sale.~~

[Borrower initials]

Monthly Mortgage Payments

Your payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector, you will need to save an estimated \$_____ for your first tax installment. If you pay your taxes through an impound account you should notify your *mortgage* lender, so that your monthly mortgage payment can be adjusted by your *mortgage* lender to cover your increased property tax bill.

[Borrower initials]

Tax Benefits: Consult your tax ~~advisor~~ *adviser* regarding tax credits, credits and deductions, tax deductibility, and other tax benefits available. Making an appropriate application for the benefit is your responsibility.

[Borrower initials]

Statutory Penalties: If your property tax payment is late, the amount due will be subject to a 10% penalty, late fees, and 1.5% per month interest penalty as established by state law, and your property may be subject to foreclosure.

[Borrower initials]

Three Day Right to Cancel

You, the property owner, may cancel the contract at any time ~~prior to~~ *on or before* midnight on the third business day after the date of the transaction to enter into the agreement without any penalty or obligation. To cancel this transaction, you may mail or deliver a signed and dated copy of the contract with notice of cancellation to:

_____ [name of business] at
_____ [address]

You may also cancel the contract by sending notification of cancellation by email to the following email address: _____ [email address of business].

[Borrower initials]

Confirmation of Receipt

This confirms the receipt of the information in this form. You do not have to accept this financing just because you acknowledge that you have received or signed this form, and it is NOT a contract.

[Property Owner Signature - Date]

[Property Owner Signature
- Date]

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3*, or a special tax described in Section 53328.1 of the Government Code shall not make any *monetary or percentage* representations of *increased value* to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker's price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, "property owner" shall include all owners of record.

SEC. 7. The provisions of this act are in addition to any rights or remedies of property owners or borrowers under any other law.

SEC. 8. Section 2.5 of this bill incorporates amendments to Section 53328.1 of the Government Code proposed by both this bill and Assembly Bill 2618. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2017, (2) each bill amends Section 53328.1 of the Government

- 1 *Code, and (3) this bill is enacted after Assembly Bill 2618, in which*
- 2 *case Section 2 of this bill shall not become operative.*

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